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RECENT DEVELOPMENT

CHRISTIAN V. MATERNAL-FETAL MEDICINE ASSOCIATES OF MARYLAND, LLC: COURTS MAY AWARD ATTORNEY'S FEES FOR CLAIMS THAT LACK SUBSTANTIAL JUSTIFICATION; HOWEVER, THE COURT MUST MAKE FINDINGS OF FACT ON THE RECORD THAT SUPPORT THE AWARD.

By: Payton Aldridge

The Court of Appeals of Maryland held that a prevailing party may be awarded attorney fees pursuant to Maryland Rule 1-341 if the opposing party's claims lacked substantial justification. *Christian v. Maternal-Fetal Medicine Assocs. of MD, LLC*, 459 Md. 1, 40, 183 A.3d 762, 785 (2018). The court also noted that judges must exercise their discretion when awarding attorney's fees; however, the basis for the award must appear on the record. *Id.* at 34, 183 A.3d at 781. Therefore, while the circuit court was correct in determining that the claims lacked substantial justification, the circuit court abused its discretion by awarding attorney's fees without articulating the basis for the award. *Id.* at 40, 183 A.3d at 785.

Dr. Heather Stanley-Christian ("Dr. Christian") was an employee of Maternal-Fetal Medicine Associates of Maryland, LLC ("Maternal-Fetal"). After a series of employment disputes, as well as failed negotiations to alter Dr. Christian's employment agreement, Dr. Christian left her position at Maternal-Fetal. Soon after finding new employment, Dr. Christian was terminated due to a pre-existing non-compete agreement with Maternal-Fetal. Afterwards, Dr. Christian filed suit against Maternal-Fetal in the Circuit Court for Montgomery County. Dr. Christian alleged five claims against Maternal-Fetal: fraudulent inducement, breach of contract, tortious interference with contract, wrongful termination, and negligent misrepresentation.

At the initial trial, the Circuit Court granted Maternal-Fetal's motion for summary judgement for all of Dr. Christian's claims except wrongful termination, which was also dismissed after the review of the evidence. Maternal-Fetal then filed a motion for attorney's fees and costs pursuant to Maryland Rule 1-341. After the hearing for attorney's fees, the circuit court granted Maternal-Fetal's motion and awarded \$300,000.00 in attorney's fees and expenses. *Id.* at 11, 183 A.3d at 767. Both parties appealed to the Court of Special Appeals of Maryland.

On appeal, the Court of Special Appeals found that there was no reported basis for awarding \$300,000.00 and remanded the case back to the circuit court for clarification. On remand, the circuit court explained that Dr. Christian's claims lacked substantial justification because Dr. Christian had not brought forth sufficient evidence for these claims, and therefore, the \$300,000.00 was

reasonable and necessary. Dr. Christian filed a second appeal. The Court of Special Appeals found that two of Dr. Christian's claims - breach of contract and tortious interference - did not lack substantial justification, and reversed and remanded. The Court of Appeals then granted *certiorari* to review whether the circuit court committed clear error when it found that Dr. Christian's claims lacked substantial justification.

The Court of Appeals of Maryland began their analysis by reviewing Maryland Rule 1-341. *Christian*, 459 Md. at 16, 183 A.3d at 770. Maryland Rule 1-341 provides that in civil cases, if the court finds that a party's claims were in bad faith or without substantial justification, the court may require that party to pay the adverse party's attorney's fees and costs spent defending those claims. *Id.* at 18, 183 A.3d at 772. The court explained that Rule 1-341 is not designed to punish a party, but is supposed to serve as a deterrent to prevent abusive litigation. *Id.* at 19, 183 A.3d at 772. Courts must use Rule 1-341 carefully, so as not to infringe on an individual's right to state a claim without a penalty. *Id.* at 20, 183 A.3d at 773 (citing *Needle v. White*, 81 Md. App. 463, 472, 568 A.2d 856, 860 (1990)).

Next, the court analyzed whether Dr. Christian's claims lacked substantial justification. *Christian*, 459 Md. at 26, 183 A.3d at 776. In order to establish whether or not the claims had substantial justification, the court first reviewed the circuit court's ruling for the claims of fraudulent inducement and negligent misrepresentation, which both were dismissed during summary judgment. *Id.* The court explained that a claim that lacks substantial justification is one that is found to be frivolous, has no merit, or is not based in law or fact. *Christian*, 459 Md. at 23, 183 A.3d at 774-5. As stated during the original trial, Dr. Christian had brought forward not even "a scintilla of evidence" to support these claims. *Id.* at 27, 183 A.3d at 777. Additionally, while Maternal-Fetal was able to hire an expert to show that Dr. Christian's claims were false, Dr. Christian neither cross-examined this expert, nor hired her own expert. *Id.* at 13, 183 A.3d at 768. The court held that because Dr. Christian failed to offer any support for these claims, the circuit court properly found that the claims lacked substantial justification.

The court next reviewed the circuit court's ruling for wrongful termination, which survived summary judgment. *Christian*, 459 Md. at 13, 183 A.3d at 768. Dr. Christian asserted on appeal that the fact that this claim survived summary judgment was sufficient to show substantial justification. *Id.* at 17, 183 A.3d at 771. However, the court explained that upon further examination of the evidence, the circuit court found information that contradicted Dr. Christian's position. *Id.* at 29, 183 A.3d at 778. Specifically, Dr. Christian had attempted to negotiate monetary portions of her employment agreement, and only terminated her employment after that negotiation was unsuccessful. *Id.* Dr. Christian claimed that since she believed Maternal-Fetal was conducting unethical business practices, this satisfied substantial justification. *Id.* Nonetheless, the circuit court found that because Dr. Christian was able to overlook the alleged unethical practices during employment negotiations, her actions contradicted her claim. *Id.* The court stated that although a claim that

survives summary judgment can usually be presumed to have substantial justification, the presumption can be rebutted. *Id.* As a result, the court held that the circuit court properly found Dr. Christian's wrongful termination claim also lacked substantial justification. *Id.* at 28, 183 A.3d at 777.

Next, the court reviewed the amount of attorney's fees that the circuit court awarded to Maternal-Fetal. *Christian*, 459 Md. at 34, 183 A.3d at 781. The court found that, while the claims lacked substantial justification, the circuit court abused its discretion when it awarded \$300,000.00 to Maternal-Fetal. *Id.* According to Maryland Rule 1-341, the court must make findings of fact on the record that the attorney's fees requested by the aggrieved party are reasonable. *Id.* at 31, 183 A.3d at 779. Upon review, the court found no records that showed how the circuit court arrived at \$300,000.00 for attorney's fees. *Id.* at 34, 183 A.3d at 781. The court affirmed the Court of Special Appeals judgement, and remanded for additional findings on the record to support the award of attorney's fees and costs. *Id.* at 34, 183 A.3d at 781.

Christian v. Maternal-Fetal gives Maryland further clarification for how Maryland Rule 1-341 should be used. This decision restates that parties can be awarded attorney's fees and costs that they spent defending claims that were made in bad faith or without substantial justification. However, this decision makes it clear that judges must show evidence and record their justification for the award of attorney's fees. This ruling reaffirms Maryland's position that the award of attorney's fees and costs are not meant to be a punishment, but a deterrent. Maryland courts do not want to prevent individuals from seeking legal remedies, but want to also ensure that the claims are brought in good faith. Additionally, this decision assures that the award of attorney's fees and costs are only made towards frivolous claims, and that non-frivolous claims are not included in that amount. The ruling in *Christian v. Maternal-Fetal* ensures that a party may recover the costs they spent fighting non-legitimate claims, while still ensuring that the other party does not pay more than what is required. By doing so, *Christian* further establishes and emphasizes protections for both parties in Maryland.